

Message Text

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ACTION AGR-01

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 SP-02 ICA-20
AID-05 NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01
PA-02 /080 W

-----015172 150710Z /10

R 141630Z APR 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 7042

UNCLAS OTTAWA 01920

PASS AGRIC

SUBJECT: CANADIAN 1978-1979 DAIRY POLICY FOR MANUFACTURING MILK

1. MINISTER OF AGRICULTURE EUGENE WHELAN ANNOUNCED APRIL 13, THE FEDERAL DAIRY POLICY FOR MANUFACTURING MILK WHICH IS EFFECTIVE RETROACTIVELY TO APRIL 1. THE MAIN FEATURES FOLLOW.
2. TOTAL MARKET SHARE QUOTA, APRIL 1, 1978 TO MARCH 31, 1979 IS UNCHANGED AT 103.7 MILLION CWT. MARKET REQUIREMENT FOR INDUSTRIAL MILK HAS BEEN ESTIMATED AT 98 MILLION CWT. (UNCHANGED) THEREFORE THERE IS A 5.7 MILLION CWT. SLEEVE.
3. FEDERAL SUBSIDY REMAINS AT DOLLARS 2.66 PER CWT. OF 3.604 PERCENT BUTTERFAT MILK PAID ON INDUSTRIAL MILK AND CREAM.
4. TARGET PRICE RAISED FROM DOLLARS 12.8 TO DOLLARS 12.42 PER CWT.
5. OFFER TO PURCHASE PRICE FOR BUTTER RAISED FIVE CENTS TO DOLLARS 1.27 PER POUND. NFDM PRICE RAISED TWO CENTS

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TO 74 CENTS PER POUND.

6. LEVY COLLECTED ON IN QUOTA PRODUCTION TO FINANCE EXPORTS OF NFDM REDUCED FROM DOLLARS 1.20 TO DOLLARS 1.00 PER CWT.
7. NEW CONTINGENCY LEVY OF TWENTY CENTS PER CWT.

COLLECTED ON ALL INDUSTRIAL MILK AND CREAM DELIVERIES UNDER QUOTA, REFUNDABLE TO PRODUCERS NOT PRODUCING IN THE SLEEVE OR IF SLEEVE PRODUCTION IS NEEDED TO MEET CANADIAN MILK REQUIREMENTS.

8. NEW LEVY OF DOLLARS 1.00 PER CWT. ON SURPLUS CREAM DIVERTED FROM FLUID TO INDUSTRIAL USE. THIS IS EQUIVALENT TO TWENTY CENTS PER CWT. ON ALL FLUID MILK SHIPMENTS. LAST YEAR'S FLUID LEVY WAS 25 CENTS PER CWT.

9. OVER QUOTA LEVY AGAINST PRODUCERS RAISED FIFTY CENTS TO DOLLARS 7.50 PER CWT.

10. WHILE THE PRINCIPLE OF PRODUCER RESPONSIBILITY FOR EXPORT DISPOSAL OF DAIRY PRODUCTS IN EXCESS OF DOMESTIC REQUIREMENTS IS REAFFIRMED, THE FEDERAL BUDGET FOR EXPORT LOSSES IN 1978-79 WAS RAISED TO DOLLARS 24.8 MILLION FROM FIFTEEN MILLION.

11. THE CANADIAN DAIRY COMMISSION BUDGET FOR PRODUCT PROMOTION, RESEARCH AND MARKET DEVELOPMENT WAS RAISED FROM DOLLARS 4 TO DOLLARS 6.5 MILLION.

12. THE CHEESE IMPORT QUOTA WAS REDUCED BY FIVE MILLION POUNDS TO 45 MILLION POUNDS.

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13. THE MARKET SHARING QUOTA PERIOD IS TO BE ALTERED FROM THE APRIL 1 TO MARCH 31 BASIS TO AN AUGUST 1 TO JULY 31 BASIS STARTING NEXT YEAR.

14. ALL THE PROVINCES WILL ADMINISTER QUOTAS IN FOUR MONTH ALLOTMENTS TO INSURE THAT INDUSTRIAL PRODUCERS DO NOT RUN OUT OF QUOTA AND HAVE INCOMES REDUCED FOR LONG PERIODS OF TIME.

15. THE CANADIAN INTERNATIONAL DEVELOPMENT AGENCY BUDGET TO BUY SKIM MILK POWDER (AT 74 CENTS PER POUND) FOR FOOD AID IS UNCHANGED AT TWENTY MILLION DOLLARS.

16. IN SUMMARY, THE FEDERAL GOVERNMENT HAS ALLOCATED DOLLARS 329 MILLION TO THE 1978-79 DAIRY PROGRAM AS FOLLOWS: DOLLARS 260.7 MILLION IN PRODUCER SUBSIDY PAYMENTS. DOLLARS 24.8 MILLION FOR EXPORT ASSISTANCE. DOLLARS 17.0 MILLION FOR CARRYING CHARGES. DOLLARS 6.5 MILLION FOR MARKET PROMOTION AND RESEARCH. DOLLARS 20.0 MILLION FOR INTERNATIONAL FOOD AID. ENDERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DAIRY PRODUCTS, PRODUCTION, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA01920
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780162-0305
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780455/aaaabuge.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 709b01b0-c288-dd11-92da-001cc4696bcc
Office: ACTION AGR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2962666
Secure: OPEN
Status: NATIVE
Subject: CANADIAN 1978-1979 DAIRY POLICY FOR MANUFACTUR- ING MILK
TAGS: EAGR, CA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/709b01b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014